



HYDRITE

2022 Sustainability Report



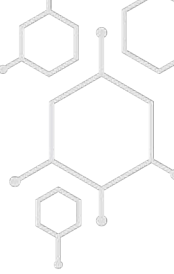


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REPORTING INFORMATION

This is Hydrite's third sustainability report. The previous report was published in April 2022. Unless otherwise noted, this report reflects information and data from our manufacturing, distribution, and transportation operations for the period from January 1, 2022 to December 31, 2022. This information was collected across all nine manufacturing sites, one technical center, and our Hydrite-controlled distribution operations.

Page 18. Energy consumption reflects operations from manufacturing and our Hydrite-controlled distribution and transportation operations. Scope 1 emissions are based on direct greenhouse gas emissions that occur from sources controlled by Hydrite. Scope 2 emissions are based on indirect greenhouse gas emissions associated with the purchase of electricity. Emissions were calculated using guidance from the EPA's Emission Factors of Greenhouse Gas Inventories that includes a location-based methodology for Scope 2. Energy and emissions previously reported have been adjusted to reflect the use of our current emissions factors and calculation methodologies for consistency in comparison purposes.

Page 19. Historical water inventories were adjusted during the completion of the annual inventory due to our efforts to continuously improve methodologies and identify gaps in our data.



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01

OUR COMPANY

Values that were important when we started in 1929 still influence our behaviors today. With a focus on the future, Hydrite is taking steps to be a leading manufacturer, employer, and community advocate as the company approaches its 95-year milestone.



A Letter from Our President



After nearly 95 years in business,

I am proud of our team for developing initiatives that extend well beyond our walls into the industry and communities we serve, focusing on the emerging opportunities presented by the unique global landscape.

Whether it's engaging in discussions with employees and other business stakeholders or providing time and support through community giving, our focus is always towards a healthier, safer, and more sustainable world. We aim to be a company that makes people proud.

Our core values and expectations focus on integrity, innovation, safety and quality, people, and responsible growth – key attributes that provide a foundation for our new mission:

Providing sustainable ideas and solutions that ensure customer, employee, and partner success.

This mission statement simplifies our purpose to serve our customers with meaningful solutions and emphasizes the importance of sustainability being embedded in each of our stakeholders' success.

Hydrite was crowned the Wisconsin Manufacturer of the Year earlier this year, and I am honored to accept this prestigious award and dedicate it to our co-founder, my grandfather R.C. Honkamp, and our employees for their achievement and relentless support in growing Hydrite.

Hydrite, through sincere focus on growing our sustainability program, achieved great successes in each of our four focus areas: Our People, Our Environment, Our Customers, and Our Community. This report demonstrates the results of this hard and rewarding work.

Hydrite's greatest asset, our people, have been a crucial part of Hydrite's successes throughout the years and it was no different in 2022. Our robust safety program and diligent efforts across our facilities has led to Hydrite having our safest year yet.

We have also formalized our Diversity, Equity, and Inclusion (DEI) statement in recognition of the need to continue to advance and demonstrate our unwavering support and dedication to our culture.

In the fall of 2022, our first on-site solar array went online providing about 16% of our Visalia facility's electricity demand. To further support our strategic plan and by demonstrated success of this project, new initiatives are being evaluated at numerous Hydrite sites. Our research has led to the support of renewable energy opportunities such as the waste heat recovery system being implemented on our newest sulfur burner in Terre Haute, which is expected to be completed in 2023.

Our people come first and fostering a diversified workforce and culture will allow us to generate better ideas to solve complex problems resulting in employee and customer satisfaction.

With stakeholder success being core to our mission, we are diligent in nurturing this value in every facet of the organization from product development to production and beyond. Our technical solution experts continue to collaborate with customers to deliver significant water and energy savings and production efficiencies, demonstrating our commitment to responsibly grow together. In support of our entire value chain, our newly published Supplier Code of Conduct further ensures partnership alignment with our values and those we do business with.

To further enhance engagement in our communities, Hydrite hosted our first annual Month of Giving in 2022 and supported at least 60 different organizations company-wide continuing to grow Hydrite's legacy of charitable giving.

Lastly, Hydrite rolled out its latest strategic plan, Vision 2025, in late 2022. With this plan aligning sustainability to our "One Hydrite" vision, we are announcing a **10% intensity reduction target in greenhouse gas emissions, a 5% intensity reduction target in water withdrawal, and a 50% employee engagement target** for participation in Hydrite Helps, which enables us to march forward on responsible business growth.

As we chart our path forward as part of Hydrite's Vision 2025 strategic plan, our commitment to sustainability is only getting stronger.

As we look towards our 100th year in business, I am excited to keep moving down the path of responsible growth.

Kevin Honkamp
President



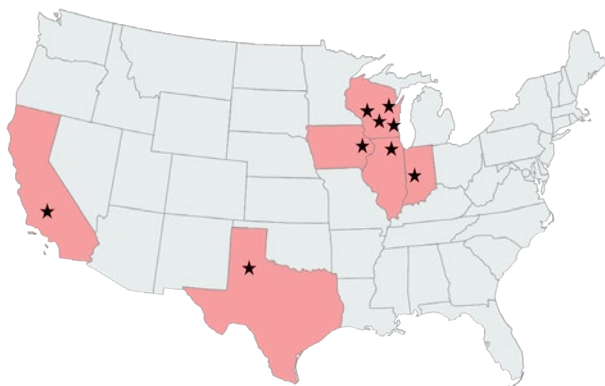
About Hydrite

VISION To provide creative solutions through chemistry and manufacturing to enhance our customers' profitability.

MISSION Providing sustainable ideas and solutions that ensure customer, employee and partner success.

Hydrite operates as one of North America's largest independent manufacturer and distributor of specialty and industrial chemicals with a network of manufacturing facilities, warehouses, and laboratories in six states and over 1,000 employees. We offer products and expertise in agriculture, biofuels, energy solutions, food processing, graphic arts, mining, paints, coatings, inks, adhesives, personal care, pet food, and pulp and paper.

Our strength lies in the technical capabilities, entrepreneurial spirit, and experience our people bring to our organization and customers. Through creativity, research and development, and engineering, our highly trained staff provides high-quality, innovative solutions, and exceptional customer service specialized for our customers' unique operations.



PLANTS & WAREHOUSES

- MILWAUKEE, WI
- COTTAGE GROVE, WI
- LA CROSSE, WI
- OSHKOSH, WI
- TERRE HAUTE, IN
- UNIVERSITY PARK, IL
- WATERLOO, IA
- LUBBOCK, TX
- VISALIA, CA

CORPORATE OFFICE
BROOKFIELD, WI

TECHNICAL CENTER
MILWAUKEE, WI

1000+
employees

diverse product portfolio of
3000+
products

named to Deloitte's 2022 WI 75™
list ranked at
#37
in our 17th appearance

#10 in North America on the
12th annual ICIS Top 100
Chemical Distributors list

recognized as
#1
for the 2022
Wisconsin
Manufacturer of the
Year Award Mega
Category

9 manufacturing
locations across
the U.S.



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SUSTAINABILITY AT HYDRITE

We aim to be a company that makes people proud. With a focus on our people, our environment, our customers, and our community, we are committed to empowering our employees to make the world a better place.



Our Sustainability Vision

Empowering employees to positively impact the environment and the communities in which we live.

Hydrite is focused on providing sustainable ideas and solutions that ensure collective long-term success for our customers, employees, and partners.

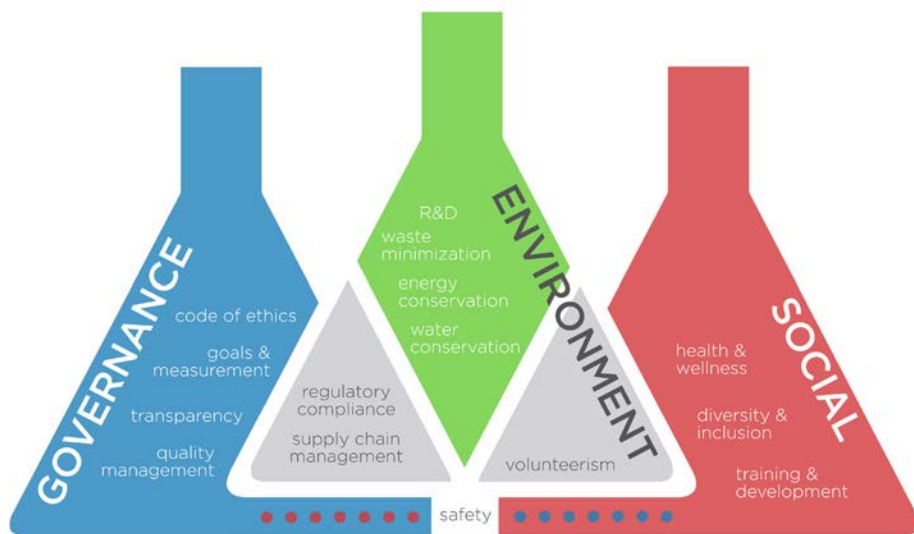
To this end, we deploy our resources and capabilities to identify opportunities that improves our operational performance and adds technological enhancements that support our customers' operational and sustainability goals.

Our executive leadership team provides advocacy, oversight, and resources to support our sustainability program. These efforts enhance customer and employee satisfaction, strengthen community relationships, and generate positive impact on the environment, while allowing for growth of the organization.

We aim to be a valued partner to our customers, and an employer of choice in the marketplace. We recognize our responsibility to engage in efforts to ensure the success of future generations.

The integration of our company vision, mission, core values, and ESG principles into our strategy provides the framework for responsible growth into the future.

Hydrite's addition of sustainability to its Vision 2025 strategic plan showcases the importance it has in charting our path forward.



BUILDING BLOCKS



Our co-founder R.C. Honkamp's original mission statement in 1929 is the fundamental building blocks of our core values today:



- Integrity
- Innovation
- Safety & Quality
- People
- Responsible Growth



These values are exhibited every day at Hydrite between employees, customers, and other partners.



Fair and ethical interactions are core to the business and commitment to these practices continues.



Our core values drive our sustainability program to ensure we get "The Right Results, The Right Way".

Advancing Our Strategy



OUR PEOPLE



OUR ENVIRONMENT



OUR CUSTOMERS



OUR COMMUNITY

VISION

Empowering employees to achieve health and safety goals through engagement and career development

Minimizing our environmental footprint

Providing creative products and solutions

Supporting the communities in which we operate

FOCUS

- Safe workplaces
- Health and wellness
- Attraction and retention
- Training and development
- Inclusion

- Energy conservation
- Water conservation
- Waste reduction and recycling

- Product quality and safety
- Research and development
- Customer operational and sustainability goals

- Children's & Family Needs
- Education
- Environment
- Local Needs

GOALS

Safety is our top priority whereby our mission is to achieve zero incidents and injuries through continuous improvement practices and processes and to also drive our Diversity, Equity, and Inclusion (DEI) statement.

Execute strategic projects supporting resource efficiency.

Continue to collaborate with partners who share the same commitment to quality to accomplish sustainable objectives.

Promote expansion of our volunteer opportunities and drive further engagement.





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OUR PEOPLE

Empowering employees to achieve health and safety goals through engagement and career development. Since our beginning in 1929, our employees have been the driving force in our success. We put our employees first and work to empower them. We strive to operate in a way that our employees feel safe, valued, and supported while working together to meet our shared goals. A robust safety program, extensive training opportunities, competitive incentives and financial benefits, and a talent-rich environment contribute to our employees' success.



Safety

Safety is a key part of our culture and permeates throughout our operations. Our leadership, management, and employees ensure that the same high standards are applied consistently at each of our facilities, our customer's locations, and everywhere else our drivers travel.

SAFETY VISION

Safety is an integral part of the culture at Hydrite. It is our collective responsibility to ensure a safe workplace for everyone at Hydrite.

SAFETY MISSION

Achieve zero incidents and injuries through the continuous improvement of our operational practices and processes where safety remains our top priority.

SAFETY VALUES

- I am responsible for my own safety.
- I am responsible for my teammate's safety.
- I will always wear my PPE.
- I accept feedback about my safety behavior.
- I accept the responsibility to take action when confronted with an unsafe situation.
- I will actively seek and participate in safety improvements.
- I will always follow the Standard Operating Procedure.

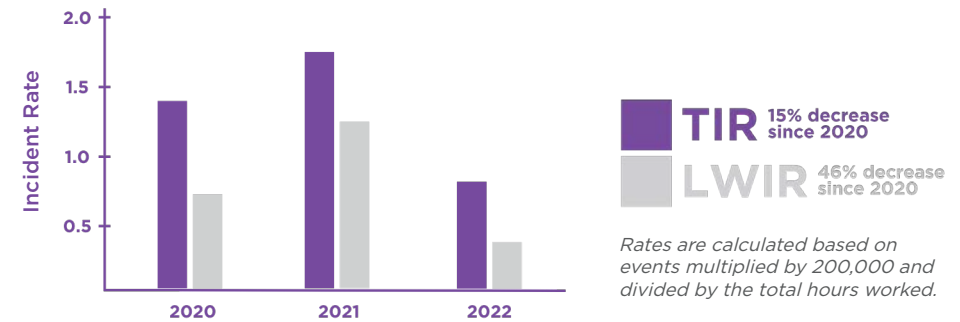


RECORD-BREAKING PERFORMANCE

Hydrite has achieved the best single year safety performance in its 94-year history. This comes after Hydrite's previous best two-years in history.

Our 2022 record safety results reinforce that our One Hydrite Safety team is far greater than the sum of our parts. Our team provides Hydrite an advantage against complacency as we believe our accomplishments should be recognized, with celebrations short-lived as our commitment to safety culture is never satisfied.

Hydrite's Total Incident Rate (TIR) and Lost Work Incident Rate (LWIR) were both 75% lower than the latest NAICS benchmarks 1.80 and 1.20, respectively.



DRIVING ONE HYDRITE SAFETY

Our One Hydrite Safety team consists of a cross-functional group that includes Environmental, Health and Safety, Operations, Human Resources, Transportation, Risk Management, and Sales personnel to drive our One Hydrite Safety program to support our Safety Vision, Mission, and Values. This initiative requires identification and evaluation of the language, actions, and behaviors of individual employees, teams, and the culture we aspire to become and communicate this as the expectation.

These expectations are our safety leading indicators and are communicated, measured, acknowledged, and understood as the strategic path forward to deliver our vision, evaluate risks, implement prevention measures, and plan for current and future initiatives.

These practices and investment in a One Hydrite Safety culture has supported our achievement of record-breaking safety performances, driving our best year yet in 2022.



STREAMLINED COMMUNICATION

Visual messaging and dashboards are used throughout Hydrite to easily communicate safety milestones, performance, goals, incidents, and improvements. Our Safety Vision, Mission, and Values also hang on banners at each of our facilities and in the cabs of our fleet vehicles.

DRIVING SAFETY CULTURE

Hydrite utilizes safety programs and active events such as employee-led job hazard analysis, job aid development, and training. Our Hazard Recognition Program and our Safe Behavior Visit Program are designed to drive inclusion and, more importantly, empowerment, which is the cornerstone of our values.

The Safe Behavior Visit Program is the foundation of Hydrite's organizational approach to safety. The visits are collaborative and support employee awareness and engagement. The visits are an effective means to evaluate risk and often serve to generate new projects that make a direct, positive impact on employee safety.

LEADING INDICATORS

Hydrite has determined that a crucial component of a thriving safety culture is to set and actively measure leading indicators. This allows us to identify a potential future event and intends to prevent or control an incident of injury. Leading indicators are focused on future safety performance and continuous improvement and measuring actions, behaviors, and language we have identified as critical to deliver our desired culture and maintain a workplace free of incident and injury.

Our focus on defining and coaching a "Hydrite safe employee standard" has pivoted our monthly safety meeting from solely focusing on lagging indicators to facility leaders proactively evaluating their safety leadership to ensure progress toward our cultural vision.

SUCCESS STORIES

Combining traditional safety best practices such as root cause analysis, job hazard analysis with our lean/six-sigma programs, and tools with our training program.

Utilizing tablets on the front lines for training and coaching.

Kaizen events focused on efficient material flow to improve our front-line operational tempo.

Collaboration with Human Resources to improve and enhance onboarding and training for existing team members.

Technical support from Central Engineering for a safer and more comfortable front-line operator experience.

Over 5,000 leading indicator events were performed.

Five Hydrite facilities achieved major safety milestones of each having had more than 365 days of operation since a recordable incident.



Employee Engagement

HEALTH & WELLNESS

We are committed to providing resources and support for employees to lead a longer, healthier, and happier lives. We provide programs and activities that help support our employees and their families' health and well-being, including health assessments, coaching, counseling, gym reimbursements, and access to dietitians.

Financial Planning Education

Hydrite employees can connect with financial professionals for education, advisement, or coaching throughout the year to help set priorities and achieve money goals. Additionally, various events, tools, and calculators are available for use to support employees in financial wellness.

Wellness Challenges

One component of our wellness program is periodic challenges. These challenges allow our employees to challenge their wellness habits, try new activities, and learn something about themselves. Employees are awarded for participation and excellence.

Employee Assistance Program

At Hydrite, we recognize that life is filled with change; we believe it is important that we have resources to help with obstacles that may occur. We offer an employee assistance program that offers confidential counseling and services to support emotional well-being, life, work, family, and overall well-being.

~10%

of employees' wages and salaries are contributed in the form of profit sharing and 401(k) match per year

FIRST-EVER PRESIDENT'S AWARD

In 2022, Hydrite announced that we will recognize excellence through the President's Award in 2023 and beyond. We recognize performance by the top functional areas, plants, and our top commercial employees in alignment with our building blocks.

In the first quarter of the following fiscal year, our employees will be awarded with executive recognition, a personal check, and a president's award plaque.

TRAINING & DEVELOPMENT

Our mission is to empower all employees to provide sustainable ideas and solutions that ensure success for all. We support the continuous development of all employees, and we encourage them to pursue educational and training opportunities that expand on their skills, knowledge, and abilities in their current role, while preparing them for future opportunities within the company.

Employees receive online training through Catalyst, which administers critical training courses. Employees also receive on-site, live training where employees work with supervisors and experienced trainers who demonstrate and assist employees in performing and understanding processes.

Hydrite University (Hydrite U) provides education for our employees on many topics critical to their success as we believe that by investing in our people, we are investing in the future success of our organization and to support promotion from within.

Hydrite U's curriculum includes trainings focused on various topics in safety, leadership, continuous improvement, emergency response, sales, and more. Furthermore, we support our employees through tuition reimbursement for external training and coursework.

59k+

hands-on and virtual trainings were completed by employees in 2022

BENEFITS

Medical	Tuition Reimbursement
Dental	401(k) Match & Profit Sharing
Vision	Referral Bonus
Flexible Spending	Adoption Assistance
Paid Time Off	Legal Services Insurance
Holidays & Flex Holidays	Early Retiree Benefits
Life & Disability Insurance	Leaves of Absence



Inspiring the Future

Hydrite offers opportunities to grow and retain our next generation of leaders.

INTERN & CO-OP PROGRAM

Hydrite has historically offered a variety of internship and co-op opportunities for college students to work alongside leaders and gain valuable hands-on experience. To further enhance the program, Hydrite has added experiences to connect students with other students and leaders in several functional business areas, including: monthly lunch and learns, professional development sessions, facility tours, and volunteering activities. In 2022, our program consisted of 29 students from 17 universities who trained in 8 different disciplines in 10 states. The students presented their projects, findings, and overall experience to more than 35 company leaders during our third annual intern forum. We are fortunate to support such impressive talent and are excited to see what their bright futures hold.

IN-DEVELOPMENT ROTATIONAL PROGRAM

Our recently announced “In Development” Program is designed to develop comprehensive operations and engineering leadership skill sets. The program will grow future operations and engineering leaders by providing structured rotational opportunities, training, mentoring, and experiential development. Each participant will rotate between sites and departments over a three to five year period with opportunities to further involvement in the summer intern program, networking events, and professional development.

CRISTO REY

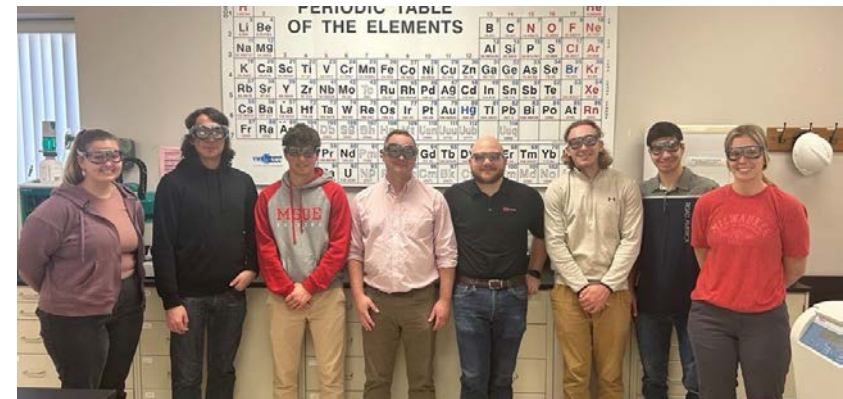
Hydrite is proud to be a fifth-year corporate partner at Cristo Rey Jesuit High School in Milwaukee. Through their work-study program, students gain invaluable experience in professional work environments to guide decisions about their future career paths. We are proud to participate in and support efforts which expose youth to business careers.

MARQUETTE UNIVERSITY HIGH SCHOOL DISCOVER PROGRAM

For over 25 years, Hydrite has offered Marquette High School students with a 12-week, paid summer internship opportunity at our Technology Center in Milwaukee, through the DISCOVER Program. This partnership familiarizes students with STEM opportunities prior to beginning college.

RICHARD C. HONKAMP SCHOLARSHIP

Going on 23 years, the Richard C. Honkamp Scholarship Program grants eight \$2,500 scholarship awards to children of Hydrite employees to be used in their undergraduate studies in either a 4-year STEM program or a two to four year trade or vocational school.



Diversity, Equity, and Inclusion (DEI) Statement

Hydrite has recognized the importance of our people since the beginning. [This statement](#) is our latest addition to the responsibility we demonstrate to providing opportunities to grow and retain our talent. This formalized statement and subsequent approaches provide additional accountability to continue to drive change in our organization.

→ OUR PEOPLE COME FIRST

Hydrite is a company of people collectively driven to provide sustainable ideas and solutions that ensure customer, employee and partner success. Diversity and inclusion enhance our ability to provide creative solutions for our customers. We strive to foster belonging and empowerment at work. Varied perspectives generate better ideas to solve complex problems of a changing – and increasingly diverse – world.

→ WOMEN IN LEADERSHIP

Hydrite supports women in management, through mentorship, leadership development and promotion. Since 2018, we've increased the number of women in executive leadership positions by over 200%, including the addition of two women to our Board of Directors. Approximately thirty percent of Hydrite's senior management positions are held by women or minorities.

→ OUR OBJECTIVE: ATTRACT, ENGAGE, DEVELOP & RETAIN TOP TALENT

Hydrite has a formal succession planning goal of having diverse replacement candidates for key leadership positions. We require diverse representation of candidate slates from our external partners and our internal recruiting efforts. We develop our employees through various initiatives to drive “the right results, the right way” integrating our company Building Blocks into all we do.

→ HYDRITE HELPS TO ENRICH & CULTIVATE OUR COMMUNITY

It is our privilege to invest back in the communities in which we do business through the Richard and Marie Honkamp Family Foundation and our Hydrite Helps program. Hydrite invests an average of approximately \$1,000,000 annually in our communities, ranking in the top 25 Corporate Charitable Contributors in Wisconsin for 2022 as reported by the Milwaukee Business Journal.

Hydrite helps empowers our employees to volunteer extensively to improve local childhood development, urban education, basic community needs and the environment. Local non-profits we partner with provide employees opportunities to impact disadvantaged, diverse populations. We expect to reach a company volunteer participate rate of 50% by 2025.

34%

of Hydrite's workforce was made up of women or minorities in 2022

30%

of Hydrite's senior management positions were held by women or minorities in 2022

0%

attrition among our top 50 employees and the next level of “high potential” employees in 2022

\$1M+

invested annually by Hydrite in our communities over the past three years



Moving Our Commitment Forward



UNCONSCIOUS BIAS TRAINING



UNIVERSITY PARTNERSHIPS



ETHICS TRAINING



COMMITMENT TO HYDRATE HELPS



MENTORING WOMEN LEADERS



SUCCESSION PLANNING



COMMUNITY PARTNERSHIPS



HIRING DIVERSE TALENT



URBAN EDUCATION



EXTERNAL BENCHMARKING

FAIR WORKING CONDITIONS

Hydrate is dedicated to producing and maintaining the same superior quality of interpersonal relations in our work environment as we do with our products and services to our customers and partners. To achieve this goal of integrating the concepts of quality into our daily work habits, we expect employees to relate to each other according to our corporate philosophy, “with dignity, fairness and respect.”

We, therefore, prohibit any form of harassment, based on race, color, religion, gender, national origin or ancestry, marital status, age, sexual orientation or disability, or any protected status under the law. We also prohibit any form of retaliation based upon an employee’s report of prohibited conduct under this policy.





04

OUR ENVIRONMENT

Improving our environmental footprint through reduced resource consumption. Our core values – Integrity, Innovation, Safety & Quality, People, and Responsible Growth – are integrated into our culture to promote responsible business operations and environmental stewardship. We focus our efforts on minimizing our environmental footprint with initiatives that reduce energy, water consumption, and waste generation.



Vision 2025 Environmental Goals

Hydrite’s Vision 2025 strategic plan focuses on operational, financial, human resource, commercial, and cultural strategies designed to chart our path forward for the next three years. These five strategies, which are anchored to our five building blocks, lead us to “One Hydrite”, which symbolizes that the sum is greater than the parts. Working towards common goals to improve communication, fueling innovation, enhancing employee engagement, and boosting productivity are all promoted by the achievement of “One Hydrite”.

To continue to concentrate on pushing “The Right Results, The Right Way”, Hydrite is proud to formally announce two targets as part of our Vision 2025 to continue to drive forward environmental stewardship across Hydrite. These goals enable us to continue to responsibly grow and sustain our operations.

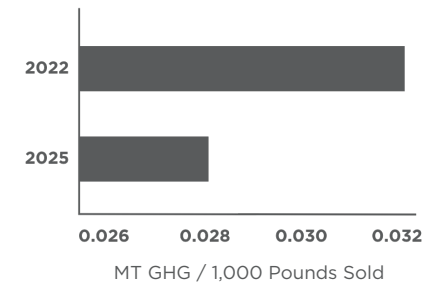


CLIMATE ACTION

10% reduction in Scope 1 and Scope 2 greenhouse gas emissions per pound of product sold from a 2022 baseline by 2025.

Continue to drive energy efficiency.

- Investigate renewable energy opportunities.
- Implement continuous improvement projects.
- Understand underlying risks and opportunities for future projects.

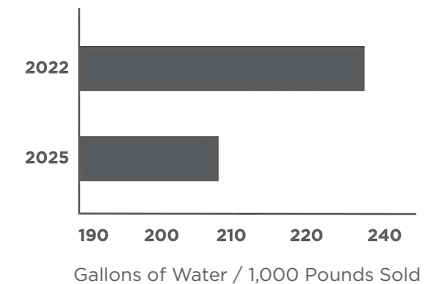


WATER EFFICIENCY

5% reduction in water withdrawn per pound of product sold from a 2022 baseline by 2025.

Advance water optimization in our operations.

- Drive process efficiency projects.
- Engage in proactive planning to manage future water-related risks.
- Reduce impact and operating costs.



Hydrite’s new corporate office building achieved one Green Globes® based on the Green Globes environmental assessment and rating system. The Green Globes rating system is developed on a One to Four Green Globes scale to assess the environmental performance of commercial buildings. The building features a two-story, 45,000-square-foot sustainable design with floor-to-ceiling windows, energy- and water-saving features, and recycled building materials.

Energy

IMPROVING ENERGY EFFICIENCY IN OUR OPERATIONS

We monitor energy consumption throughout our manufacturing and distribution operations. This data is used to identify key initiatives to reduce greenhouse gas emissions and energy consumption and to improve operational and fleet vehicle efficiencies.

Also, opportunities are regularly identified by operations, engineers, and environmental, health, and safety teams. Hydrite implemented various improvements including upgrades to existing operations and new sustainable designs in 2022 to reduce our energy usage.

Renewable Energy

Hydrite completed the installation of its first [on-site solar array](#) at the Visalia, CA facility in 2022. The 126-kW solar photovoltaic system will provide roughly 16% of the location's annual electricity consumption, offsetting nearly 50 tons of CO₂e emissions annually. Visalia's electricity grid already prioritizes renewable energy, and the new solar array's incremental annual avoidance of greenhouse gas emissions is estimated to be the equivalent of driving more than 120,000 miles per the [EPA Greenhouse Gas Equivalencies Calculator](#).

This sustainable source of power will continue to efficiently support growing production demands on the West coast for Hydrite's food and agricultural customers.

LED Lighting

We continue to implement lighting upgrades to LED technology at our facilities that had less efficient fixtures. These projects provide immediate energy reductions and long-term cost savings. In 2022, lighting upgrades accounted for more than 100,000 kWh in energy savings equivalent to nearly [8,000 gallons](#) of gasoline consumed.

Routine Monitoring

We routinely conduct assessments to ensure leaks and other inefficiencies are addressed promptly to ensure optimal performance in our processes.

Additionally, we implemented an advanced utility management system to review operations in real-time to assess opportunities and risks. Further, this system will allow us to explore actionable insights that empowers our team to evaluate and meet sustainability goals.

OUR PERFORMANCE

	UNITS	2021	2022
Total Energy Usage	TJ	639	655
GHG Intensity	$\frac{\text{(MT CO}_2\text{e)}}{\text{Pounds Sold}}$	0.030	0.031

Waste Heat Recovery

Hydrite is in the process of constructing a new fertilizer production process at the Terre Haute, IN facility. This will be Hydrite's sixth sulfur burner process installed since 1992 as we continue to expand fertilizer supply for the domestic agriculture industry, specifically working to meet growing demands for liquid fertilizers. Liquid fertilizers are an efficient and important component for farmers, crop growth, protein synthesis, nitrogen metabolism, and photosynthesis to increase corn and soybean yields.

With responsible growth and sustainability in mind, Hydrite has chosen to design this burner process with equipment that reduces greenhouse gas emissions and other resource consumption inefficiencies. The incorporation of a waste heat recovery system will offset most of the facility's gas demand by enabling the capture and reuse of otherwise wasted energy.

Additionally, the overall process supports growing fertilizer demand from local customers and maintains a local supply chain, thus mitigating the transportation burden on a company's supply chain sustainability.



TRANSPORTATION EFFICIENCY

To support our business, we use many modes of transportation including cars, trucks, rail, and barges. All raw materials and finished products at Hydrite are transported safely and securely, keeping fuel consumption in mind when selecting routes. As owners of a fleet of nearly 100 freight vehicles and control over our distribution operations, we transport and distribute chemicals nationwide.

Rail transportation is one of the most efficient modes of transporting chemicals and is used extensively at our manufacturing facilities. Not only does it reduce greenhouse gas emissions per pound of chemical shipped but also has economic advantages. Eight of our nine manufacturing locations are available to rail.

Unique to Hydrite, our La Crosse, WI facility is located on the Mississippi River, which allows us to bring in commodities via barge in a fuel-efficient manner from locations in the southern United States.



PACKAGING REUSE

We are committed to the reuse and recycling of packaging materials whenever possible. For many years, we have been providing services to efficiently pick up empty containers from customers coast-to-coast and facilitate the reconditioning and reuse of these containers. We can control the need for new inventory and limit excess waste disposal while also keeping safety at the forefront.

In 2022, Hydrite was able to purchase over 40% of our drum and tote containers as reconditioned to be reused back in our operations. Hydrite remains committed to enhancing the recyclable and reconditioned container program in the future and evaluates the ability to convert to the use of reconditioned containers as feasible per our quality standards.

SUPPORTING OUR VALUE CHAIN'S SUSTAINABILITY EFFORTS

By communicating sustainability performance to our customers and collaborating on initiatives that improve our collective impact, we regularly engage with our key stakeholders to understand their perspectives on the importance and management of a variety of environmental, social, and governance issues. We also communicate sustainability performance to our customers through our sustainability report and other reporting platforms. Routine reporting allows us to monitor performance, connect with our partners, benchmark our efforts, and discover additional opportunities for improvement.

Water

As a company that operates in areas impacted by drought and water shortages, we recognize the importance of water protection and conservation. We seek to minimize the amount of water we consume and to ensure that the wastewater from our manufacturing operations meets all state and federal regulatory standards.

Hydrite has made progress in recognizing opportunities for continuous improvement in our operations and embody Hydrite's waste minimization policy. We continuously review both old and new processes to maintain quality and safety requirements but utilize water efficiently.

WATER INTENSITY

UNITS	2021	2022
Gallons of water withdrawn	228	233
Pounds sold		

05

OUR CUSTOMERS

Providing creative products and solutions to support our customers' goals. Hydrite is an ethical provider of high quality, creative products driving long-term customer relationships. We are continuously seeking opportunities to collaborate with our customers to achieve their operational and sustainability goals by increase process efficiency and reducing costs.



Product Quality & Safety

EXCEEDING QUALITY EXPECTATIONS

Through an extensive quality management system, Hydrite is committed to providing high quality products that exceed customer expectations. This commitment is the result of our strong understanding of our customers' business, operations, and specifications.

Hydrite goes one step further by integrating the Responsible Distribution® system based on the National Association of Chemical Distributors Guiding Principles and Code of Management Practice into our existing quality management system. As a member of the National Association of Chemical Distributors, we are committed to continuous improvement in the chemical distribution industry's responsible management and handling of chemicals.



FOOD SAFETY LEADER

As a food sanitation and ingredient industry leader, we have spent decades promoting the safe transfer of food from farm to table. The expectation from the beginning of food manufacturing has been adherence to high quality and safety standards, which were documented decades ago.

Hydrite's food industry focused manufacturing and warehousing locations undergo robust Good Manufacturing Practices (GMP) third party audits annually, are registered with U.S. Food and Drug Administration (FDA) and local authorities, and operate under a universal corporate quality and food safety system. The third party GMP audits ready the facilities for regulatory and customer audits, which have a history of receiving high passing marks of 96% or greater.

In addition to consistent compliance with FDA regulations, we achieved the Global Food Safety Initiative (GFSI) certification through the Safe Quality Foods (SQF) platform for our Visalia facility and for our Waterloo facility in 2014 and 2019, respectively, and have maintained certification since receiving "excellent" scores of 96% or greater in the current three-year cycle. Hydrite is proud of these achievements and grateful for the hardworking employees behind the successful audits and certifications.

Hydrite has Preventive Controls Qualified Individual (PCQI)-trained employees at each food industry focused manufacturing facility with backups at each location. These individuals are responsible for executing our food safety plan and reviewing preventative controls supporting the successful execution of our high-quality operations.

ISO 9001:2015

certified manufacturer of standard & custom specialty chemicals in Cottage Grove, WI

RESPONSIBLE SOURCING

We provide highly efficient sourcing and distribution of wide ranging chemical solutions through our valuable partnerships. At least 90% of our raw materials are sourced domestically, which provides greater control over our inventory and product quality while helping to minimize global supply chain risks and disruptions. Our domestic sourcing strategy also reduces our transportation impact and costs. Controlling our transportation fleet further supports our ability to deliver high quality products safely and efficiently.

Supplier Code of Conduct

Hydrite is focused on achieving success while working to improve the communities in which we operate. Core to this philosophy is our record of building strong relationships with our suppliers, who play an important role in our ability to live out our mission of providing sustainable ideas and solutions that ensure customer, employee and partner success. We hold ourselves to rigorous standards, and we expect the same from our suppliers.

Our Supplier Code of Conduct provides guidance of our expectations to all individuals and firms providing any goods or services to Hydrite. This code provides standards necessary to continue to collaborate, build trust and reputation, and conduct business with our suppliers. These expectations outlined in the code concern human rights, labor rights, ethics, safety, quality, and fair business.

Supplier Expectations

- ✓ Compliance with Laws and Doing the Right Thing
- ✓ Meet or Exceed Quality Standards
- ✓ Enforce Environmental Protection
- ✓ Prohibition of Harassment and Discrimination
- ✓ Prohibition of Compulsory Labor and Child Labor
- ✓ Maintenance of a Safe Workplace
- ✓ Support to Hydrite's Sustainability Program
- ✓ Be a Trusted Partner
- ✓ Maintain Compliance with Ethical Business Practices

Omni-Chem¹³⁶ Founding Member

As a founding member of Omni-Chem¹³⁶, we work with the largest network of independent chemical distributors with over 150 distribution locations globally to maintain the most cost effective, localized, and highest quality customer service possible.

Our global partner network aims to minimize large upstream and downstream transportation impacts and have nearby services while still delivering quality products.

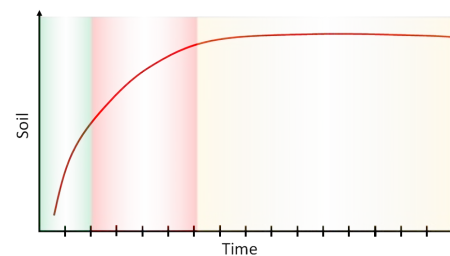


>90%

of our raw materials are sourced domestically

SOIL LOAD MAPPING (SLM™)

Hydrite provides soil load mapping, known as SLM™, to assist in customers' wash cycles. The process includes an in-depth analysis of membrane clean-in-place (CIP) samples, which are used to determine how a specific system removes system foulants and soil in each wash. This analysis is critical as accumulated soils can redeposit if a wash goes too long.



SLM™ allows food processors to shorten washes where possible, minimize energy consumption, optimize cleaning processes, and, above all, protect food supply from harmful bacteria. In 2022, our efforts resulted in avoidance of over 1,000 gallons of chemical usage and saved nearly 100 hours of processing time.



Creative Products & Solutions

We pride ourselves on helping our customers achieve their operational and sustainability goals. Our technical personnel, including the RITE team, not only provide training and technical support, but also partner with customers to find effective and creative solutions to improve performance and reduce costs. We help our customers accomplish goals through entrepreneurial application of our broad chemical and applications expertise.

HELPING CUSTOMERS ACHIEVE EXCELLENCE

In a world that is ever-so-changing, customers need a partner who is flexible enough to accommodate their diverse changing needs. Technical knowledge, product quality, problem-solving ability, and speed-to-market are just a few of our core focuses.

We provide a variety of solutions designed to optimize operating costs and improve efficiency. We rely on a consultative problem-solving approach when working with our customers. Hydrite offers customized programs that align with customer requirements and strategies.

FOOD SAFETY EXPERTISE

Hydrite designs customized food safety programs to minimize risk in processing facilities, protecting our customers' brands and public health. By assessing the specific needs of each site, we're able to create unique solutions that work effectively while delivering the greatest value to customers and beyond.

Our extensive line of sanitation products, coupled with our technical support, has earned the trust of some of the world's top manufacturers for their plant sanitation needs. Beyond our customized solutions, we offer a full range of products including clean-in-place (CIP) process solutions, manual detergents, sanitizers, ingredients, and processing aids. Hydrite's Intervention Chemistry Program helps processors reduce bacteria growth and food safety risk, mitigating potential outbreaks of food borne illnesses, and improving consumer safety.

We are always working to further develop our equipment technology to meet the changing needs of customers. Hydrite's development of innovative tools for our customers and field employees, including real time data monitoring, demonstrates our dedication to helping enhance food safety.

Our food teams identified opportunities and solutions that delivered **cost, energy, and time savings** to our customers while reducing environmental impact and increasing throughput.

One of our technical experts collaborated with a dairy product producer to reuse spent water back into their processes. With chemicals from our extensive water treatment catalog and strong partnership with professionals in the chlorine dioxide generation field, we developed a process that allowed the **reuse of nearly 54 million gallons of water** back into manufacturing operations annually.

We collaborated with a dairy producer to review high temperature short time pasteurization system mid-washes. With a standardized operating procedure, over **5 million gallons of water**, 20k kWh, and 360 hours of cleaning can be saved annually.

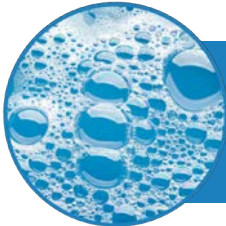
Review of a CIP process led to the **annual avoidance of over 90 million gallons of water and \$100k** in water, sewer, and chemical costs. This improvement also saved approximately 300 hours per year in cleaning time that can now be used for production.

INDUSTRY COLLABORATION

Hydrite works with various organizations to stay up to date with regulatory requirements and industry standards. These organizations also provide education and professional development opportunities through their conferences, webinars, and training courses. Some notable 2022 collaborations include:

- National Association of Chemical Distributors (NACD)
- Omni-Chem¹⁵⁶
- Safe Quality Food Institute (SQF)
- International Association of Food Protection (IAFP)
- Growth Energy – America's Ethanol Supporters
- Institute of Food Technologists
- International Dairy Foods Association
- University of Wisconsin Foundation Food Research Institute
- Wisconsin Sustainable Business Council
- Center for Dairy Research (CDR)
- Federation of Environmental Technologists (FET)

Solutions with Sustainability in Mind



FOAM CONTROL

Water quality is crucial. We offer a comprehensive selection of general-purpose and food-grade foam control products to assist in minimizing inefficiencies, damages, and costs via proper control.



MEMBRANE TECHNOLOGY

To reduce heating requirements, we offer a variety of products that can be used at low operating temperatures while maintaining performance.



PERACETIC ACID

Our peracetic acid (PAA) products and powerful sanitizers and disinfectants quickly degrade into non-harmful byproducts: acetic acid (a component found in table vinegar) and water. The residual acetic acid eats away at any inorganic scale and then breaks down into carbon dioxide and water.



PLANT SANITATION

By offering single phase sanitation products, optimal quality results are paired with reduced water consumption.



SULFUR CHEMISTRIES

We offer a variety of bisulfite solutions and sulfur derivatives that are effective in the removal of volatile organic compounds (VOCs) such as acetaldehyde from carbon dioxide gas streams in the fermentation processes, specifically in the biofuels industry.



TECHNOLOGY & EQUIPMENT

Hydrite manufactures our equipment solutions with cost savings, regulatory compliance, and efficiency in mind. Creating solutions with our customers ensures safe, sanitary, and systematic designs for successful execution.



WATER TREATMENT

Our personalized treatment programs, sophisticated modeling, and advanced software programs are effective in combating corrosion, fouling, microbiological issues, and frequent maintenance to maintain peak energy and material efficiency.



WASTE & RECYCLING

Hydrite reduced its customers' usage of new, virgin solvents by over 10 million pounds in 2022 by supplying a recycled solvent alternative. We help customers by either recycling liquid pumpable waste or by recycling customer material and returning usable solvent for clean-up applications.



Hydrite Academy: Training the RITE Way™

In the past three years, Hydrite has expanded and formalized our food safety educational offerings to both customers and employees. Customer programs have been branded “Hydrite Academy: Training the RITE Way.” This includes three-day Food Safety, Sanitation, and Membrane on-site training sessions that are free to our customers at various sites such as Texas Tech University and Southern College of Idaho, featuring collaborators such as Food Safety Preventive Control Alliance (FSPCA) Preventive Controls for Human Foods (PCHF), and International HACCP Alliance Introduction to HACCP. Hydrite also offers Food Safety Fridays during two months of the year, which is a weekly, one-hour webinar focused on food safety and sanitation providing incremental information to our three-day trainings.

These trainings provide customers with crucial guidance on how to increase food safety and sanitation performance within their own workplaces. **Hydrite supported the continuing education of 150 different personnel from at least 36 different businesses in 2022.**

Internally, significant efforts have been made to increase awareness and understanding of food safety. To provide advancements to Hydrite employees, the certification can complete FSPCA Preventative Controls Qualified Individual (PCQI) and participate in internal Micro Mondays webinars, which share recent developments in food safety. Topics include microbiological methodology, food safety culture developments and new food regulations such as the FDA Traceability Act.





06

OUR COMMUNITY

Supporting the communities in which we operate. Hydrite has a long history of supporting the communities in which we operate through charitable giving and volunteering. Our culture fosters and facilitates community engagement by our people in both their personal and professional capacities. Since the inception of our Hydrite Helps program in 2019, our employees have driven over 3,500 hours of volunteer time. We leverage our company's success to invest our time and resources in programs that impact our community.



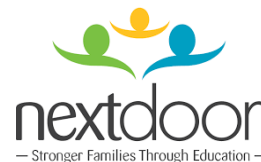
Hydrite Helps

SUPPORTING LOCAL COMMUNITIES

The goal of the Hydrite Helps program is to invest in local programs that impact Hydrite communities through a combination of grant giving and volunteerism. Each of our manufacturing locations and our corporate office have established Hydrite Helps teams that partner with over 50 local non-profit organizations annually to coordinate volunteer activities and events and charitable campaigns.

We exceeded our 2022 volunteer hours goal by over 25% and aim to have at least 50% participation in volunteer activities company-wide by 2025.

We recognize that community outreach is our responsibility and privilege and are proud of our employees for their commitment and dedication for our local communities.



FIRST ANNUAL MONTH OF GIVING

Our first ever Month of Giving campaign was held in October 2022 with over ten volunteer events company-wide, which translated to over 260 hours of donated time across our Wisconsin locations. As part of our Month of Giving, we also kicked off our annual United Way campaign. Since its launch in 2019, employee participation and monetary contributions have increased each year with 2022 being our best year yet with Hydrite matching employee donations dollar-for-dollar.

PARTNERSHIP WITH FEEDING AMERICA'S PB&J CHALLENGE

Per Feeding America Eastern Wisconsin, **nearly 20% of children in Wisconsin are food insecure**. Hydrite is proud to be a title sponsor of the 2023 PB&J Challenge, a month-long campaign that raises donations of peanut butter - one of the most requested food items at shelters and pantries. The latest campaign provided 100,000 meals to those in the Milwaukee area.



HYDRITE HELPS HIGHLIGHTS

We are proud to share the following highlights from our 2022 charitable giving and volunteer activities.



Children's Needs & Development

Hydrite's team has been working with the Christmas Clearing Council of Waukesha County in Wisconsin to promote giving to families in need during the holiday season. During this year's holiday season, employees filled a donation bin at our corporate office. In December, team members worked to prep 1,000 stocking gifts and organize toys for deserving local families.

Several volunteers spent an afternoon at Next Door in Milwaukee, WI reading books to more than 50 children under the age of 5. Additionally, Hydrite held a book drive and was able to donate several boxes of books.

Hydrite supported the Visalia Assistance League mission to transform the lives of children through community programs. 500 hygiene bags were packed, and additional support was given to a program that clothes school aged children in need locally. Hydrite's team also ran a sock drive and donated almost 500 pairs of socks that were packed and added to the hygiene kits. These socks were fun and colorful in hopes of putting a smile on the recipients faces.



Education

Hydrite sponsored and presented the first annual Silver Spring Neighborhood Center STEM Night in Milwaukee, WI. Hydrite's team provided supplies for participants to construct and race balloon cars throughout the night and shared educational insights on the physics and engineering behind the results.

Hydrite's Lubbock site came together to help fulfill local educators' wish lists and provide the necessary support and supplies to be successful in the upcoming school year.

In support of schools in the local Monee township in University Park, IL, Hydrite's site hosted a kit-packing event for all employees where backpacks and lunch boxes were packed full of supplies.

Hydrite's Terre Haute site hosted a BBQ smoke-off competition to facilitate a school supply drive for a local school. The event generated boxes full of school supplies and gift cards to help educators' stock their classrooms for the upcoming school year.



HYDRITE INVESTS IN START-UP COMMUNITY

Hydrite recently invested in NVNG's inaugural \$42 million Fund I, a fund of venture capital funds with an emphasis on supporting Wisconsin's entrepreneurial ecosystem. Hydrite invested in this woman-founded venture fund to positively impact our communities by increasing the capital under management to grow companies, creating jobs, expanding professional networks and connections, and increasing wealth in a virtuous cycle.





Environment

Hydrite Waterloo employees supported the Black Hawk County Conservation by performing restoration work on a local shower house building. This building revamp helps provide clean, open spaces to be used for recreation and education enhancing quality of life and stimulating economic development.

In support of the Clean Lakes Alliance's mission to keep the local lakes healthy, a Hydrite team aided in the creation of a new prairie by collecting over 20 bags of seeds from native plants. Prairies throughout the area work to filter runoff water before entering the watershed.

Hydrite employees have been working with Milwaukee's Urban Ecology Center for numerous years and participated in events at two different parks in 2022. Employees performed hands-on restoration work to support increasing biodiversity and habitat quality of urban Wisconsin parks.



Local Needs

Hydrite Waterloo spent an afternoon tending to the Northeast Iowa Food Bank community garden and stocking over 300 carts of fresh produce for distribution at the Cedar Valley Food Pantry, which services households across Black Hawk County.

Team members in Oshkosh supported the annual Polar Plunge event sponsored by the Oshkosh Area Special Olympics.

Hydrite's Lubbock site is proud to support our neighbor, the Lubbock Animal Shelter. Volunteers spent several afternoons throughout the year with dogs and cats walking, bathing, playing, and feeding. Hydrite is proud to donate various supplies necessary to the operation such as dog food, cat food, beds, toys, leashes, and collars.

Hydrite's La Crosse team supports the WAFER Food Pantry serving the La Crosse area. Team members spent time helping to sort and stock food.

Hydrite sponsored the annual Hendrickson Foundation National Hockey Festival in Blaine, Minnesota, becoming the first official Platinum sponsor. This powerful event promotes hockey to change lives by making the sport inclusive and accessible to all.





Great Teams Start with
Good Chemistry

Follow us on social media:

